

ARLINGTON HOUSING FINANCE CORPORATION MORTGAGE CREDIT CERTIFICATE PROGRAM



WHAT IS A MORTGAGE CREDIT CERTIFICATE?

- An MCC is a federal income tax credit designed to assist persons to become homeowners
- With an MCC, the qualified homebuyer is eligible to write off a portion of the annual interest paid on the mortgage as a special tax credit, not to exceed \$2,000
- An MCC is a true “tax credit” that entitles taxpayers to subtract the amount of the credit from their total federal income tax liability

WHAT IS A MORTGAGE CREDIT CERTIFICATE

Example: \$120,000 loan at 6.00% interest rate

- Annual interest is approximately \$7,200
- An MCC tax credit of 35% of the interest paid would equal \$2,520. ($35\% \times \$7,200 = \$2,520$)
- The maximum annual credit allowable is \$2,000
- This credit reduces the homebuyers federal income taxes

HOW A HOMEBUYER QUALIFIES

- Homebuyer must purchase a home in the City of Arlington, Texas
- Homebuyer could not have owned a home in the last three years as their primary residence unless purchasing a home in the Target Area or is a Qualified Veteran
- Homebuyer's household income and the purchase price must not exceed the program's maximum limits

HOW A HOMEBUYER QUALIFIES

- Homebuyer must occupy the home as their principal residence
- Homebuyer must apply for the MCC through a participating lender

HOW A HOMEBUYER APPLIES

- Homebuyer applies for the MCC at the same time they make a formal application for a mortgage loan
- Funds will be available on a first-come, first-served basis

HOW A HOMEBUYER USES THE MCC

- The borrower claims the credit with their annual tax return
- The credit may be claimed as long as the home is their principal residence

TAX CODE REQUIREMENTS

MAXIMUM PURCHASE PRICE LIMIT:

Non-Targeted Areas

\$243,945

Targeted Areas

\$298,155

MAXIMUM INCOME LIMITS:

Non-Targeted Areas

1-2 Occupants =

\$67,400

3 or More Occupants =

\$77,510

Targeted Areas

1-2 Occupants =

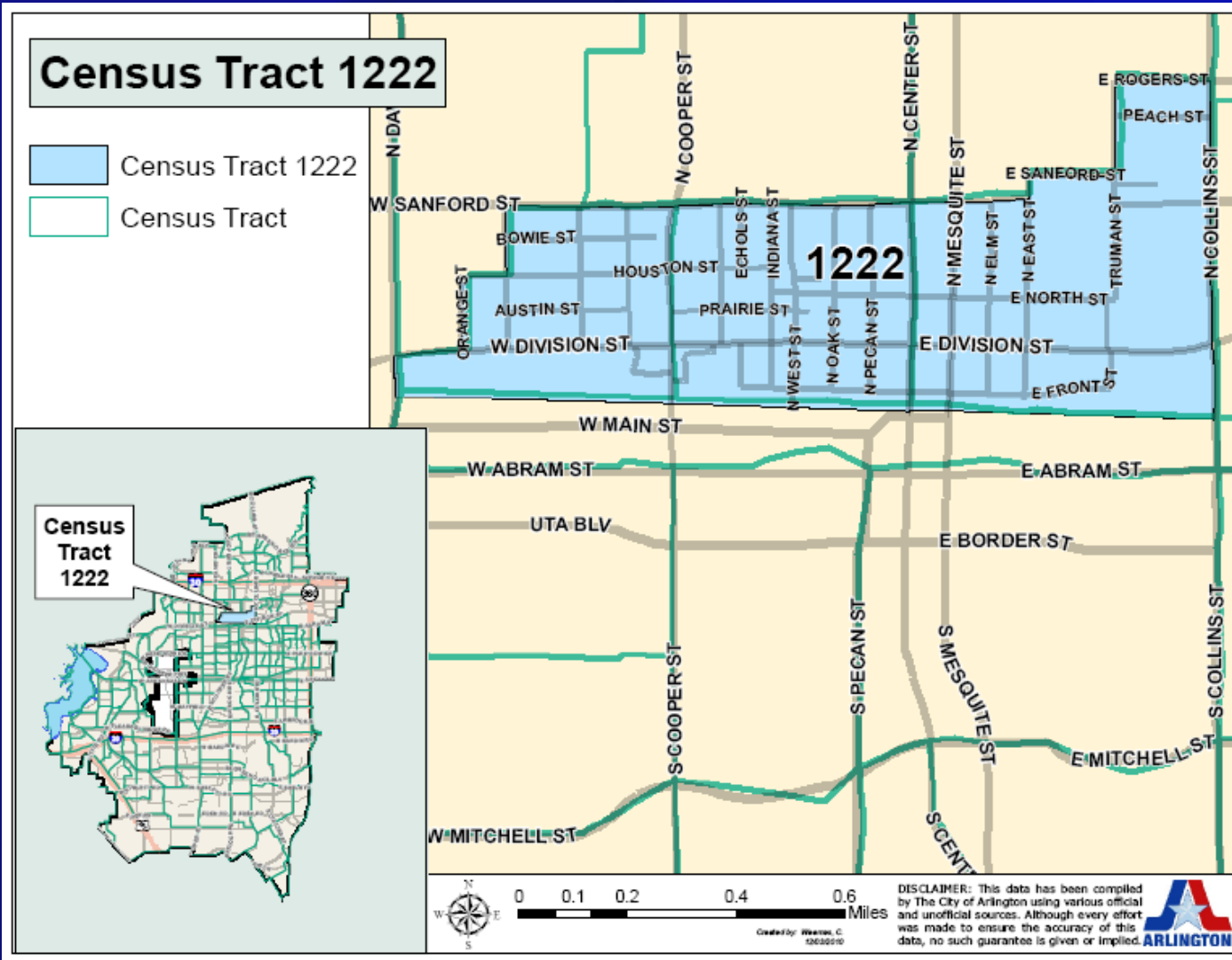
\$80,880

3 or More Occupants =

\$94,360

TAX CODE REQUIREMENTS

TARGETED AREA CENSUS TRACT: 1222



Sanford - N
Front - S
Davis - E
Collins - W

ELIGIBLE LOAN TYPES

- The Program does not place restrictions on the mortgage financing with regard to type, term or rate
- Only first mortgages qualify for the MCC Program
- A loan utilizing the MCC Program is a regular loan (normal underwriting criteria) with the additional tax code requirements. Lender make their normal fees
- **Cannot be used with other single family bond financing programs**

ELIGIBLE PROPERTY TYPES

- ✓ Any new or existing home
- ✓ Located in the City of Arlington
- ✓ Within the maximum purchase price limits of the program

PROPERTIES NOT ALLOWED –

Rental homes, cooperative housing, motor homes, campers, investment properties, recreational, vacation or second homes

PROGRAM FEES AND CHARGES

Program Fees

MCC Application Fee	\$100
MCC Closing Package Review Fee	\$250
MCC Issuance Fee	1.00% of the mortgage loan

Other than the required MCC fees, the lender can only charge a homebuyer those reasonable fees that the lender would charge for a non-MCC mortgage loan application

The MCC Closing Package Review Fee and the MCC Issuance Fee may be paid by the homebuyer, the seller, the lender or any other person on the homebuyer's behalf

For Additional Information contact:

**Mary Bert-Koelling
Assistant Vice President, Housing
FirstSouthwest Company**

Mary.Bert-Koelling@firstsw.com

214.681.3311